

REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

SUMMARIZED SPECIAL REPORT OF THE
FINANCE-REVENUE CASHIERING,
CITY HALL ANNEX LOCATION,
PHYSICAL SECURITY ENVIRONMENT

SUMMARIZED SPECIAL REPORT (SSR) 600008-04

February 27, 2008



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Councilman Joe Shyne
Chairman, Shreveport City Council

Dear Councilman Shyne:

Subject: SSR600008-04 - Summarized Special Report of the Finance-Revenue
Cashiering, City Hall Annex Location, Physical Security Environment

Attached please find a summary of the report mentioned above. The referenced report is summarized due to potentially confidential and sensitive information included in the comprehensive report. Management comments are included in the comprehensive report.

Sincerely,

Leanis L. Graham, CPA, CIA
City Internal Auditor

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**EXECUTIVE SUMMARY
SUMMARIZED SPECIAL REPORT OF THE
FINANCE- REVENUE CASHIERING
CITY HALL ANNEX LOCATION
PHYSICAL SECURITY ENVIRONMENT
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The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should only be used in conjunction with the entire report.

INTRODUCTION

The City has two cashiering locations: Government Plaza on the first floor and City Hall Annex housed at 1237 Murphy Street. Organizationally, these offices and their related functions are under Finance-Revenue.

RECOMMENDATION EVALUATION RISK CRITERIA

The chart below summarizes the recommendations outlined in the report and our evaluation of risk for the recommendations. We evaluated the importance of each audit recommendation by assigning each a level of risk. The risk levels, as defined in the chart below, were determined based on the possible results for the entity if the recommendation is not implemented.

<i>Risk Levels</i>	<i>Recommendations</i>
High Risk Possibility of fraud, waste, and abuse of City assets; Interrupted and/or disrupted operations; Entity's mission not being met; Adverse publicity.	<ul style="list-style-type: none">▪ Perform a risk analysis of the building and cashiering. (Finding 1)▪ Develop a city-wide physical security policy. (Finding 2)▪ Restrict access to the cashiering and other sensitive areas. (Finding 3)▪ Enhance employee safety. (Finding 4)▪ Make daily deposits. (Finding 5)▪ Study surveillance. (Finding 6)
Medium Risk Possibility of continuing, significant operating inefficiencies and high-level non-compliance issues.	<ul style="list-style-type: none">▪ Study staffing levels. (Finding 7)▪ Require all employees and customers to comply with fire drill activities. (Finding 8)
Low Risk Possibility of continuing operating inefficiencies and some low-level non-compliance issues.	None

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OBJECTIVES

We have completed a special report of the Finance-Revenue Cashiering City Hall Annex Location. Our objectives were to determine whether:

- The control environment was conducive to efficient and effective operations;
- A risk assessment had been made of the area;
- A risk analysis of exposure had been done;
- All security risks had been identified;
- Adequate training had been performed.

SCOPE AND METHODOLOGY

Our special report was performed in accordance with generally accepted governmental auditing standards as defined in Section A.40 of the Internal Audit Office Operating Instructions Manual. The scope of the study of internal control was limited to the physical and general controls surrounding our objectives. Additionally, our review was limited to the City Hall Annex Location only.

Audit procedures applied included the following:

- Observing operations and ongoing activities;
- Reviewing applicable records and documents; and
- Interviewing appropriate personnel and management.

BACKGROUND

The Revenue Division bills and/or collects the majority of the City's revenues, including water and sewerage charges, property taxes, occupational license taxes and charges for emergency medical services. It also collects delinquent accounts, operates a central cashiering station and provides customer service for persons paying their City taxes and fees in person.

CONCLUSIONS/FINDINGS/RECOMMENDATIONS

The Internal Audit Office expresses appreciation to the City Hall Annex's Cashiers for their cooperation and assistance provided during our review.

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Our findings address issues such as:

- Physical Security Issues
- No City-Wide Security Policy
- Cashier Area and Other Sensitive Areas
- Employee Safety
- Proper Handling of Daily Deposits
- Security Camera & Panic Button
- Inadequate Staffing/Organization
- Safety Training Exercises

Based on our review, we believe management could enhance the safety and efficiency of the physical security environment by:

- Performing a risk analysis of the building and cashiering area.
- Developing a city-wide policy to address the physical security of all cash collection points.
- Revising its collection and deposit procedures.
- Revising the courier service schedule.
- Considering creating a supervisory position for the Annex Cashiers.
- Requesting the Personnel Division to perform a study of the Cashiering Office to determine if reorganization of existing employees or additional employees are needed.
- Requiring all employees and customers to comply with fire drill activities.

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City Internal Auditor

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c: Mayor
CAO
City Attorney
Clerk of Council
City Council
External Auditor
Finance Director